



## **Congressional Requirements and Related Areas of Interest**

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The Department of Defense (DoD) is accelerating the development of a flexible business infrastructure needed to rapidly respond to increasing operational demands on U.S. joint forces while ensuring prudent use of taxpayer dollars. Through the governance and tiered accountability structure, DoD is addressing legislative requirements and Government Accountability Office (GAO) recommendations related to defense business transformation management.

### ***Auditable Financial Information***

The Department is committed to fully complying with established federal guidelines and requirements for sound fiscal management. Financial auditability is a direct outcome of clean defense business processes and an ability to trace accounting data to its originating “business event” (e.g., distribution of supplies to combat theater). To meet this challenge, the Department is publishing a Financial Improvement and Audit Readiness (FIAR) Plan, concurrent with the Enterprise Transition Plan (ETP), which will create and communicate a DoD-wide strategy and systematic approach for making improvements to financial and business operations within the Components (below the DoD Enterprise level), while also prioritizing and synchronizing efforts to achieve clean audit opinions. The FIAR Plan also identifies and establishes dates for incrementally achieving Component audit opinions by line item, for each financial statement, and on the DoD Consolidated Financial Statements.

### ***Base Realignment and Closure (BRAC)***

The BRAC process has the potential to affect the Department’s business systems, processes and facilities. Additionally, as reassignments are implemented, DoD will analyze changes to the total force – military, civilian, and contractor – and evaluate how to operate in a leaner environment without sacrificing organizational effectiveness. DoD’s business transformation efforts will reflect changes in processes, systems, milestones and funding that are tied to BRAC recommendations once they are approved.

### ***Expeditionary Delivery of Supplies to the Warfighter***

Providing the Department with more timely and accurate information on the location, movement, status, and identity of unit equipment, materiel, and supplies will address many of the logistics issues that continue to challenge the Department. The Business Enterprise Architecture (BEA) and ETP specify an interoperable information environment that more closely connects the warfighting mission Area and Business Mission Area, enabling a more seamless logistics process and flow of supplies to the warfighter.

### ***Prompt and Accurate Pay for Service Personnel***

Proper payment of all deployed personnel is a DoD top priority, yet keeping track of Service members’ whereabouts during mobilizations is a labor-intensive and fragmented process. The Department is addressing this issue by improving personnel visibility: standardizing and integrating personnel and related data into a single, comprehensive “record of service” that will be available to the Service member as well as Department personnel chiefs, Combatant Commanders, military personnel and pay managers.

### ***Efficient DoD Contracting***

The DoD relies extensively on its partnership with industry to provide goods and services in support of national defense. The Department is streamlining and reducing the complexities of transacting business with its supplier base by reducing touch points between DoD and its suppliers, standardizing methods and processes to interact with commercial and government suppliers, and providing a single point-of-entry for strategically sourced contracts.

### ***Improved Acquisition Oversight and Management***

With annual contracts worth \$230 billion, the Department must improve accessibility, continuity, and accountability of acquisition information. The DoD is improving acquisition visibility by bringing more transparency to the information critical to the Department’s processes that deliver weapon systems and information technology (IT) support systems.

***More>***

## Compliance with FY05 National Defense Authorization Act (FY05 NDAA)

DoD has fully embraced the intent of the FY05 NDAA (P.L. 108-375) and is implementing the law's provisions to improve the management of ongoing business modernization in support of national defense. The sections below highlight how the Department supports key requirements of the NDAA.

### *Executive Leadership*

The Defense Business Systems Management Committee (DBSMC) is the senior-most governing body overseeing defense business transformation and is comprised of executive leadership from the Office of the Secretary of Defense, Military Departments, Defense Agencies, Combatant Commands, and the DoD Chief Information Office. The cross-organizational DBSMC convenes under the personal direction of the Deputy Secretary of Defense to review warfighting and enterprise-level capability requirements, establish business priorities, and monitor transformation investments and progress.

### *Investment Review and Control*

The Under Secretary Principal Staff Assistants (PSAs) support the DBSMC by serving as the Certification Authorities (CAs) for business systems investments, accountable for the obligation of funds within their designated Core Business Missions (CBMs). Investment Review Boards (IRBs) form the decision-making body of the CBMs and assess modernization investments relative to their impact on end-to-end business process improvements supporting warfighter needs. The IRBs, composed of officials from the warfighting and business communities, certify that all business systems investments over \$1 million are integrated and compliant with the DoD Business Enterprise Architecture. The Component (i.e., Services and Defense Agencies) Chief Information Officers (CIOs) serve as CAs for IT investments under \$1 million.

### *Enterprise Architecture*

The DBSMC coordinates and monitors progress of the Department's overall business transformation efforts using the management tools of the BEA and the ETP. The BEA targets specific business capabilities and provides a more integrated framework for the DoD information infrastructure, systems transition, and portfolio management. The BEA is a federated approach: The DoD enterprise sets the overarching rules (e.g., standards, business rules, practices, interfaces, etc.) to be observed by the Components; the Components develop their internal architectures to support their unique mission.

### *Transition Plan*

The ETP marks the first time that the DoD has an integrated plan for business transformation. It contains the system strategy, program milestones, resource needs, and performance metrics. The ETP defines three transition categories: 1) new systems needed to complete the DoD enterprise, 2) legacy systems not migrating to the target architecture, and 3) modifiable legacy systems that will comply with the BEA. Additionally, the ETP clearly defines the accountable program management entity (enterprise or Component) at which a target system and its business capabilities will be implemented.

## Government Accountability Office (GAO) Recommendations

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The Department continues to strengthen its working relationship with the GAO, coordinating closely to increase understanding of DoD modernization challenges and resolve high-risk issues. The GAO recommendations regarding effective governance, outcome-based metrics, and a well-defined technological architecture have been considered and incorporated throughout DoD planning and execution. As a result, the Department is now aligned to accelerate transformation across the DoD enterprise and Component levels, strengthen oversight of and leadership involvement in IT expenditures, and manage BEA configuration.